

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

Lordstown Motors Corp., *et al.*,¹

Debtors.

Chapter 11

Case No. 23-10831 (MFW)

(Jointly Administered)

Re: D.I. 131 & 281

**DECLARATION OF EDWARD T. HIGHTOWER IN SUPPORT OF
DEBTORS' OBJECTION TO FOXCONN'S MOTION**

I, Edward T. Hightower, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

1. I submit this declaration (this “**Declaration**”) in support of the *Debtors’ Objection to Foxconn’s Motion to Dismiss, or in the Alternative, Convert the Bankruptcy Cases*.

2. Except as otherwise indicated, all facts set forth in this Declaration are based on my personal knowledge. If I were called to testify, I could and would testify competently to the facts set forth herein.

3. I have over 30 years of experience serving in new product development, engineering, strategy, brand marketing, and senior executive roles in the global automotive industry between Ford, BMW, and GM. I have driven operational improvements at automotive businesses around the world as a consultant for AlixPartners, LLP and Motoring Ventures LLC. I also serve on the boards of Tritium Charging and HEVO Power.

¹ The Debtors in these chapter 11 cases (these “**Chapter 11 Cases**”), along with the last four digits of their respective taxpayer identification numbers are: Lordstown Motors Corp. (3239); Lordstown EV Corporation (2250); and Lordstown EV Sales LLC (9101). The Debtors’ service address is 27000 Hills Tech Ct., Farmington Hills, MI 48331.

4. I am the CEO and President of Lordstown Motors Corp. (the “**Company**”). I was announced as the incoming President of the Company on November 10, 2021 and started my duties on November 29, 2021. I was appointed CEO on July 12, 2022.

5. The Company’s mission is to accelerate electric vehicle adoption and be a catalyst in the transition of commercial fleets to all-electric vehicles for a more sustainable future. The Company’s flagship vehicle, the Endurance, is a full-size, all-electric pickup truck, one of the first all-electric trucks sold in North America. Lordstown Motors is one of the few of the new electric vehicle OEMs to successfully develop, engineer, certify, fully homologate, production launch, and deliver a vehicle to customers. The Endurance’s key attributes are 1) traction and maneuverability – enabled by its in-wheel hub motors, 2) safety – highlighted by its 5-star overall crash performance, and 3) value – highlighted but its overall capability at its \$65K price point. The Endurance’s unique design features a propulsion hub motor in each wheel. The hub motor technology has certain design attributes that would make the vehicle even more attractive to potential customers. For example, it allows for a superior turning radius, maneuverability and traction. The Company licenses certain of the non-proprietary intellectual property for the Endurance hub motors from an Eastern European company (Elaphe Propulsion Technologies Ltd.) that developed the base technology. The Company has made various enhancements to the base technology to apply it to a full-sized pickup truck and in preparation to manufacture at scale. The core hub motor technology is not being pursued by any other light-duty OEM in the United States.

6. Before I joined the Company, and due to unanticipated factors, the Endurance was planning for commercial production launch later than expected. Further, the actual BOM cost of initial production was significantly higher than anticipated. The Company was also subject to various litigations, including securities class action litigation, shareholder derivative suits, a

stockholder class action, an SEC investigation, and litigation initiated by Karma Automotive LLC involving alleged trade secret misappropriation, unfair competition and other related claims, among other disputes. All of these litigation matters concerned events that occurred under the Company's former management team.

7. At the time I joined the Company, I attempted to address the Company's costs with actions that included developing product design changes related to reducing BOM costs through value analysis and value engineering (VAVE), and reducing reliance on components sourced from General Motors. The delay in commercial production and high costs stressed the Debtors' financial condition.

8. Designing and building a world-class, all electric vehicle in sufficient volume to earn a profit is no easy task. Shortly before I joined the Company, Lordstown entered into an agreement to sell (the closing took place six months after I joined) its manufacturing plant to Hon Hai Technology Group (together with its affiliates, "**Foxconn**"). This was just the first step in what was supposed to be a multi-phased business partnership. The purpose of the Foxconn partnership was to allow the Company to shift its business strategy from a vertically integrated OEM to a less capital-intensive model, focused on developing, engineering, testing, and industrializing EVs in close partnership with Foxconn. Foxconn knew that when it agreed to partner with the Company to not only scale the Endurance but also to develop a new electric vehicle platform leveraging the Company's North American engineering and product development team's expertise and Foxconn's "EV ecosystem," a combination of Foxconn initiatives designed to accelerate electric vehicle innovation and bring vehicles to market faster and less expensively.

9. The Company's business relationship with Foxconn marked a material and permanent change in its business model. Prior to the Foxconn deal, the Company was attempting

to design, engineer, develop, manufacture, and scale the Endurance on its own. But the operational challenges and costs associated with this undertaking were daunting for a young company. Partnership with Foxconn was meant to ensure the Company had not only financial support but also the advantages of Foxconn's manufacturing expertise and economies of scale. This would allow Lordstown to use its talented team of vehicle engineers and software engineers to further refine the Endurance and to focus on developing new electric vehicle programs.

10. Foxconn did not do what it committed to do. As fully explained in our lawsuit against Foxconn, it did not honor its obligations. The Company's challenges were well understood by Foxconn from the inception of the partnership through the latest set of commitments Foxconn made in the November 2022 Investment Agreement. When Foxconn attempted to improperly terminate the Investment Agreement months later (after the Company successfully completed an expensive and lengthy CFIUS approval process), and the parties' disputes became public, the entire premise of the Company's business model—which relied on deep collaboration with Foxconn—faced irreparable damage. To attract new partners and financing prepetition, the Company needed to demonstrate what it genuinely believed to be the strength and value of the Foxconn partnership—in particular support on the Endurance and, even more importantly, the first new jointly developed vehicle platform. Despite the Company's continuous efforts to ensure Foxconn's performance under the contract, Foxconn ultimately failed to deliver on various commitments with respect to the Endurance and the Company spent considerable resources on developing the new vehicle platform, with little support from Foxconn.

11. Foxconn's actions damaged the Company greatly, but we were still able to make some progress. During my time as CEO, the Company has pressed ahead with the development of the Endurance and other new electric vehicles under the various arrangements with Foxconn.

Commercial production of the Endurance began with the first two vehicles completing assembly in September 2022. After completing full homologation and certification, the Debtors subsequently began sales and deliveries to customers in the fourth quarter of 2022.

12. The Company has moved forward and completed the first phase of the new vehicle development work in accordance with the Foxconn arrangements. This work included market analyses to determine the target segments and attributes needed to be successful in the US commercial fleet marketplace, vehicle architecture engineering to create a platform that could yield multiple vehicle model types, initial design alternatives, and cost targets needed to ensure program profitability. In collaboration with Foxconn, it also included studies to determine which components (e. g. batteries, electronics and motors) could be supplied by the Foxconn EV ecosystem, as desired by Foxconn to support their publicly stated EV industry ambitions.

13. This was accomplished by the Company's lean and talented team which, at its peak in 2022, totaled over 280. This included employees focusing on product development, vehicle component and systems engineering and integration, software engineering and development, design, competitive benchmarking, prototype builds, validation and testing, purchasing and supply chain, quality engineering, advanced manufacturing, program management, finance, commercial, and other administrative roles. But while the Company had experienced automotive professionals, innovative ideas, and a state-of-the-art product, it never secured the global efficiencies of scale and the large infusion of capital that Foxconn had committed to provide. As a result, the Company could not execute on its new business model and business plan. Faced with the realization that it did not have a viable path forward as a stand-alone company, the Company took the hard decision to file for bankruptcy. It did this to facilitate a quick and efficient sale of its business, preserve its

remaining capital for the benefit of all its stakeholders, and hopefully provide a single forum for resolution of its various litigation matters.

14. Company layoffs and voluntary terminations have reduced the work force by more than half. While Lordstown was forced to cut back its staff and operations, it still retains a core team of engineers and other automotive professionals. As typical with a brand-new vehicle program that has just launched to market, the team is continuing to plan and develop refinements and improvements to the Endurance's design and software, and, most importantly, is available to assist any buyer that might want to take the Endurance program and invest the resources necessary to implement our plans to reduce costs, improve industrialization, and scale the product. The Endurance is only the second all-electric full-sized pickup truck produced and sold in North America. In launching the Endurance, the Lordstown Motors team accomplished something that has been done by few of the new electric vehicle OEMs. The Endurance is fully homologated, certified, launched, and has received favorable feedback from customers. With the support of a suitable investor, its production can be scaled for higher volumes.

15. The point of these chapter 11 cases was to maximize the chances of finding such a buyer. While there is no guarantee that this effort will succeed, it was incumbent on us to try. In addition, with or without a successful sale, the bankruptcy cases provide an orderly and efficient method for winding down the Company's affairs, and ensuring as much value as possible is preserved for the benefit of creditors and, hopefully if enough value is realized, shareholders.

Dated: August 21, 2023

By: /s/ Edward T. Hightower

Edward T. Hightower
CEO and President
Lordstown Motors Corp.